



CITY OF GAUTIER, MISSISSIPPI FY 2015 BUDGET WHITE PAPER

Facts to Consider:

FY 2014 Total Millage Rate: **34.54** mills (includes library)

FY 2008 General Fund Millage Rate: 26.4 mills

FY 2014 General Fund Millage Rate: 26.79 mills

Sales Tax Revenue FY 2009: \$2,724,970

Sales Tax Revenue FY 2013: \$2,262,405

Sales Tax Revenue FY 2014 (To Date): \$1,985,109

The City of Gautier continues to hold a low general obligation debt of 6%, compared with the state limitation of 20%.

Continuing its 5-Year Strategic Plan goal to strengthen public safety, the Gautier City Council proposes a FY 2015 millage increase of 1.80 mills encumbered for Public Safety. The millage will be used for Fire and Police operations including training and compensation.

The Gautier City Council proposes a FY 2015 debt service millage increase of 1.36 mills from 6.75 mills to 8.11 mills. The debt service millage is used for the repayment of the \$2.3 million Katrina Bond, the \$7 million General Obligation Bond, and general debt related to the operation of Public Safety.

Comparative with surrounding cities and the county, Gautier will continue to have the second to lowest millage rate (36.70) after Ocean Springs. The value of a mill in Gautier is second to lowest after Moss Point.

The City Manager's Annual Report for the last two years has identified public safety employee retention as the most critical issue facing city operations. Public safety departments alone have lost 17 employees during the current fiscal year and 21 in FY 2013. A recent salary survey by the Gautier Human Resources Department places the city's public safety compensation as among the lowest on the Coast. The millage increase will be utilized exclusively for public safety, and to make gains toward compensation parity with sister cities. Exit interviews reveal nearly all respondents would return for competitive pay. A recent salary survey published by the Gautier Human Resources Department reveals the pay disparity that has resulted in public safety employees training in Gautier and then leaving to work in surrounding areas.

The City requires a budget of approximately \$11,000,000 to fund all services at a realistic level for cities of comparative size. The FY 2015 General Fund budget is \$9,357,086. Last year's budget by comparison was \$9,445,116. All City departments are currently working with the minimum staffing level required to provide services. Capital improvement projects including replacement of equipment and necessary maintenance have been deferred in some cases for over 4 years. Income derived from "other" sources such as Franchise Fees has continued to erode as the economy has declined.

In 2008, the outgoing City Council reduced the FY 2009 millage from 26.4 to 20.44 mills, for a total 5.96 millage reduction or an estimated \$678,000 reduction to the general fund, at a time when sales tax revenue was relatively high and stable. Sales tax revenue began to decline in FY 2010. Prior to the mall demolition, sales tax collections were approximately \$460,000 lower in FY 2013 compared to FY 2009 when the millage was reduced.

Last year, a millage increase of 2.44 mills funded 6 Full-Time Firefighters for Brown Road Fire Station for the purpose of maintaining a fire insurance rating of 6. The millage increase was also needed to fund increased electricity and insurance costs associated with various city improvements. The City also funded a selective Public Safety Employee Step Increase to retain recruits employed for more than two years.

In order to keep fire insurance premiums low, the City is currently hiring a minimum of six new firefighters to man the new Fire Station West. The outcome may reduce the city's fire rating from a 6 to a 5, for a savings to policy holders of 7 to 12% according to insurance providers.